

City of San Diego  
Office of the Independent Budget Analyst

# MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

## Highlights of Major Reports Issued in the Month of April:

### Report No. 10-33 “Help Desk & Desktop Service Request for Proposals (RFP) Award”

In February 2010, the City Council adopted the “Structural Budget Deficit Elimination Guiding Principles.” In adopting the Guiding Principles, the City made a commitment to address its Structural Budget Deficit. Consistent with the principles, the IBA supports competitive procurement processes as a way to reduce City costs by pursuing alternative service delivery methods. In this report, the IBA recommended City Council approval of an agreement for the provision of “Help Desk and Desktop Services” with En Pointe Technologies Inc., and offered options to the Council for contract oversight, or subsequent Council approval for future contract extensions. In addition, the IBA recommended that the Council request the Mayor to bring to Council the RFPs associated with the next phases of procurement of IT services prior to their issuance for review and approval.

On Monday, April 12, 2010, the City Council voted 7 to 1 to: 1) Require a sourcing strategy for IT services and strategic plan for Data Processing Corporation, 2) Award the contract with En Pointe Technologies, Inc. in the amount of not to exceed \$1.23 million; 3) Require a quarterly update on contractor performance, and 4) Approve the contract for a one-year term, with options for two, two-year, extensions to return to Council for approval.

### Report No. 10-34 “Residents’ Opinions on City Services”

One of the eleven “Structural Budget Deficit Elimination Guiding Principles” adopted by City Council in February 2010 included prioritizing City service expenditures utilizing the results of a Citizen Survey as one of the informative tools. Beginning in January 2010, the IBA solicited input from the Citizens’ Revenue Review and Economic Competitiveness Commission and the Budget and Finance Committee on the survey questions. After compiling the comments from both meetings the IBA consulted with Behavior Research Center, Inc. (BRC), a firm the City had contracted with to conduct the survey, regarding suggested revisions.

This survey aimed to gauge citizen opinions on the priority of and satisfaction with services being provided by the city and willingness to pay more to maintain city service levels. Attached to this report are the survey results prepared by BRC. The IBA presented a PowerPoint presentation prepared by BRC to illustrate the results. This report and a PowerPoint prepared by BRC were presented to the Budget Committee and City Council of the Whole on April 21, 2010, as well as the Citizens’ Revenue Review and Economic Competitiveness Commission on April 22, 2010.

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## Reports Highlighted for the Month of April 2010:

“Help Desk & Desktop Service Request for Proposals (RFP) Award”  
[Report No. 10-33](#) (4/9/10)

“Residents’ Opinions on City Services”  
[Report No. 10-34](#) (4/15/10)

“Preliminary Actions in Preparation of a Proposed Amendment to the Centre City Redevelopment Plan (Cap Increase)”  
[Report No. 10-36](#) (4/23/10)  
[Attachment 1](#) (4/23/10)  
[Attachment 2](#) (4/23/10)

“Review of the Fiscal Year 2011 Proposed Budget”  
[Report No. 10-37](#) (4/29/10)

## UPCOMING BUDGET DATES

**April 30-May 7-** Budget Hearings

**May 14** - Mayor Issues May Revise

**May 18** - Mayor Presents May Revise to Council

**May 24** - IBA Issues Final Report

**May 26** - Council Budget Deliberations

**June 14** - City Council Final Budget Decisions

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## **Report No. 10-34 “Residents’ Opinions on City Services”** *(continued from Page 1)*

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Findings include:

- Residents ranked fire services, police services, emergency medical services, residential trash services and fire prevention programs as “absolutely essential” City services
- 74 percent of residents approved the strategy to “use more private contractors, implement managed competition,” when asked how to deal with the City’s budget deficit
- 70 percent of residents disapprove of eliminating or further reducing City services
- 97 percent of residents either “strongly agree” or “agree” that “overall San Diego is a good place to live”
- Residents ranked improved city services, street repairs, education and fixing the budget as the most serious issues facing residents

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## **Report No. 10-36 “Preliminary Actions in Preparation of a Proposed Amendment to the Centre City Redevelopment Plan (Cap Increase)”**

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On April 27, 2010, the Redevelopment Agency was asked to authorize the Centre City Development Corporation (CCDC) to proceed with preparing required documentation for a proposed amendment to Centre City Redevelopment Plan for the purpose of increasing the tax increment limit (“cap”) for the Centre City project area. This report, provided in response to Councilmember DeMaio’s January 13, 2010 request for specific analyses of a proposed increase in the tax increment cap, analyzed the projected impact to General Fund property tax revenue. Based on current projections, increasing the cap to a hypothetical level of \$9 billion (from the current level of \$2.98 billion) would result in a net reduction to General Fund property tax revenue of over \$300 million cumulatively from FY 2011 to FY 2043.

While the analysis in this report provided a preliminary illustration of the potential impacts of a cap increase, more formal and rigorous financial projections will be developed by consultants retained under the current request for authorization. In addition, a number of other factors must be considered in evaluating the merits of a potential cap increase including the remaining projects and activities that, if not completed, will become General Fund obligations; the potential ancillary economic benefits from continued redevelopment, such as increased sales tax, transient occupancy tax, employment and business activity; and the increased funding for affordable housing.

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## **Report No. 10-37 “Review of the Fiscal Year 2011 Proposed Budget”**

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In this annual budget review report, IBA has undertaken the same thorough review of the Mayor’s Proposed Budget as in the prior four years, including:

- Examination of FY 2011 revenue projections;
- Analysis of all FY 2011 expenditure categories;
- Review of numerous City-wide funding issues;
- Analysis of the budgets of City departments and City agencies as proposed for FY 2011.

The IBA also supplemented the Mayor’s budget documents by providing a record of the service reductions by department that have occurred from the FY 2010 Adopted Budget to the FY 2011 Proposed Budget.

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## **Report No. 10-37 “Review of the Fiscal Year 2011 Proposed Budget”** *(continued from Page 2)*

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The IBA noted that the FY 2011 Proposed Budget addresses an estimated incremental budget gap of \$28.2 million and brings the total actions necessary to balance the FY 2011 budget to \$207.2 million. Facing the situation head-on in December, and implementing actions early, resulted in generating up to 18 months of savings, thereby reducing the amount of reductions that were ultimately necessary. However, an \$11.0 million shortfall remains for FY 2010 and at least a \$72.0 million shortfall in FY 2012. The IBA plans to examine the Mayor’s assumptions in the Five-Year Outlook, particularly on the revenue side, before accepting this number as the FY 2012 deficit.

With the majority of the difficult decisions having been made in December with respect to FY 2011, the IBA had fewer new issues to highlight as a result of review at this stage of the process compared to past years, particularly in terms of new, recurring savings or revenues. The IBA noted a possible \$4.5 million additional deficit in the Mayor’s FY 2011 Budget Proposal for a revised incremental shortfall of \$32.7 million and a total revised deficit of \$211.7 million.

If there is strong interest in considering possible restorations during the FY 2011 budget process, the City Council may want to ask the Mayor to bring forward a list of reductions that were considered by the departments in December but were not taken. Also, since the May Revise needs to address \$4.5 million in additional funding needs, the Council could ask the Mayor to explore and propose funding options for restoration of Fire brown-outs as part of his May Revise.

Upcoming key budget dates are noted on Page 1 of the Snapshot.

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## **Other Reports Issued in the Month of April 2010:**

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[Report No. 10-32](#) (4/8/10) (PDF)

[Attachment 1](#) (3/10) (PDF)

[Attachment 2](#) (3/3/10) (PDF)

**“Response to the Securities and Exchange Commission (SEC) Regarding the Third Annual and Final Report of Independent Consultant to the City of San Diego”**

[Report No. 10-35](#) (4/16/10) (PDF)

**“Water System: 2010 Refunding Bonds”**

[Report No. 10-38](#) (4/30/10) (PDF)

**“San Diego Clean Generation Program: Proposed Administration Agreement”**



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